

Memorandum

To: Cathy Ball, Executive Director of Multimodal Transportation and Planning

From: Mariate Echeverry, Transportation Planning Manager

Date: May 4, 2016

Re: Management Company RFP process

To date staff has conducted the following steps to award a contract to a management company to operate the transit system.

- RFP was released on February 5th 2016
- Mandatory pre-bid meeting was held on February 19th 2-1016. Five companies participated in this meeting: McDonald Transit, First Transit, MV Transportation, TransDev, and Maruti Transportation.
- RFP closed on March 23rd 2016. Two proposals were received at the time: McDonald Transit and First Transit.
- The evaluation committee met on April 4th to review the proposals. The evaluation committee is composed of two members of the Multimodal Transportation Commission, one member of the Transit Committee and a transit expert from the City of Raleigh.
- The Purchasing Manager, Grants Coordinator and Transportation Planning Manager were observers, and participated answering committee member's questions and providing guidance as they rated the companies.

The evaluations of the proposals are as follows:

Evaluator	First Transit	McDonald Transit
Ev. 1	78	96
Ev. 2	80	89
Ev. 3	85	85
Ev. 4	84	91
Total/Average	327/81.75	361/90.25

The committee decided that they wanted to interview both companies, as the proposals were comparable, though they thought McDonald showed more effort in the proposal, and the committee also stated that they were expecting more information from First Transit about their experiences during these years operating ART.

Interviews were conducted on April 18th.

Both companies were subject to an exercise to see how their proposed management team worked together, followed by a presentation and session of questions and answers.

The evaluations are as follows:

Evaluator	First Transit	McDonald Transit
Ev. 1	128	110
Ev. 2	100	106
Ev. 3	153	136
Ev. 4	120	99
Total/Average	501/125	451/113

See below the summary of the committee observations:

Criteria	First Transit	McDonald Transit
Management team	The team showed cohesiveness during the exercised, listening to each other, remaining calm during under pressure; the GM took the lead. Their resumes show them knowledgeable and experiences are appropriate for the job.	The team seemed not to have spent time together. The members were not considering each other's ideas, the corporate rep was ironic towards the other members and seemed upset. Not clear leadership during exercise. Their resumes show them knowledgeable and experiences are appropriate for the job.
Management philosophy	CSAC response: compliance, safety, Assets, Customer service (this includes client, riders and employees). They assess the situation and determine best practices.	Relationship with employees, safety, make sure customers are satisfied. Meet with client to understand expectations. Use technology to make impact in transit operations.
New team members	Get handle on future direction. Looking at the routes. Maintenance: understand how the drivers drive the buses to determine training needs and efficiencies. Understand the regional projects and implications on	New team will meet with all employees and know everyone. Understanding the roads. Understanding the culture, traffic flow and growth. The proposed GM talked about how exciting is to come to Asheville, but didn't address anything

	transit services.	related to the job.
What they need to learn first about Asheville	Understand the thought process (new members), the preventive maintenance program, routes, scheduling.	Learn the flow of things, system, roadways, when changes occur, culture.
How are employees engaged and trust earned	The current GM increased the frequency of staff meetings, from quarterly to monthly; open door policy; discipline with dignity and consistency; empowering the employees, spending quality time with them. Mentoring, listening and supporting.	Spending time with the employees, being available, help them understand constraints and why decisions are made. Showing up during rounds.
Strategy to retain personnel and have a positive environment in the work place	Current GM has increased the number of supervisors which helps dedicating more time to staff. Improve supervisor training (in the current contract there was only one supervisor, the GM was able to redistribute and create 3 new supervisory positions).	Incentives for attendance, safety awards, open door policy, quarterly staff meetings.
What would the company do when rehiring the personnel and finding someone is not performing well	Reassess, verify if they are getting proper training and find the root of the problem.	Always able to turn people around when they are not performing well through training
How is the resident management team trained?	All corporate holds monthly conference calls with GMs.	Internal correspondence.
What is the customer service philosophy?	Customers Satisfaction surveys every year; employee's surveys. Use best practices	Customer is always right, one on one conversations with employees, direct communication with personnel. Get to know the personnel.
Additional	One of the committee members asked First Transit about last year's maintenance issues when seven buses were broken at the same time. The GM explained that it had been a one-time event, when seven buses broke. Fuel samples were taken and determined that the fuel was corrupt and had too much	

	sodium, producing the failures. Since FT doesn't control the fuel source it was not possible to determine what caused this.	
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After deliberation and based in the evaluation process and the above observations, the committee indicated First Transit as the preferred vendor to initiate negotiations.

Below are the contract costs for both companies:

	First Transit						
		Base Management Fee	Errors and Omission's Liability Policy	Employment Liability Policy	Worker's Comp and Employer's Liability	Non-revenue vehicles	Total
1st year	Monthly	29,492.51		1,113.92	10,336.17	4,608.48	45,551.08
	Annual	353,910.07		13,367.04	124,034.04	55,301.78	546,612.93
2nd year	Monthly	30,156.74		1,113.92	10,336.17	4,636.09	46,242.92
	Annual	361,880.91		13,367.04	124,034.04	55,633.11	554,915.10
3rd year	Monthly	30,838.22		1,113.92	10,336.17	4,664.26	46,952.57
	Annual	370,058.65		13,367.04	124,034.04	55,971.07	563,430.80
							0.00
Total		1,085,849.63	0.00	40,101.12	372,102.12	166,905.96	1,664,958.83
1st renewal		31537.49		1,113.92	10,336.17	4692.98	47,680.56
		378,449.83		13,367.04	124,034.04	56,315.79	572,166.70
2nd renewal		32,255.10		1,113.92	10,336.17	4,722.28	48,427.47
		387,061.19		13,367.04	124,034.04	56,667.40	581,129.67

McDonald Transit							
		Base Management Fee	Errors and Omission s Liability Policy	Employe nt Liability Policy	Worker's Comp and Employer's Liability	Non- revenue vehicles	Total
1st year	Monthly	37,512.75	41.67	250.00	16,060.89	2,013.87	55,879.18
	Annual	450,153.01	500	3,000.00	192,730.73	24,166.43	670,550.17
2nd year	Monthly	38,595.03	43.75	262.50	16,869.37	2,013.87	57,784.52
	Annual	463,140.35	525	3,150.00	202,432.40	24,166.43	693,414.18
3rd year	Monthly	39,713.94	45.94	275.63	17,718.65	2,013.87	59,768.03
	Annual	476,567.31	551.25	3,307.50	212,623.79	24,166.43	717,216.28
							0.00
Total		1,389,860.67	1,576.25	9,457.50	607,786.92	72,499.29	2,081,180.63
1st renewal	Monthly	40877.46	48.23	289.41	18,610.81	2013.87	61,839.78
	Annual	490,529.52	578.81	3,472.88	223,329.69	24,166.43	742,077.33
2nd renewal	Monthly	42,080.05	50.65	303.88	19,548.02	2,013.87	63,996.47
	Annual	504,960.55	607.75	3,646.52	234,576.20	24,166.43	767,957.45

Finally, the RFP considered liquidated damages to ensure accountability, and the addition of the resident management team to make sure the operator has the resources in place to deal with the liquidated damages.

Next steps:

- Staff requires direction from management to move forward with the negotiation process with the preferred vendor. The companies have been advised about the delay in the process.
- Once the negotiations are complete, the recommendation will be presented to the Multimodal Transportation Commission at their May meeting for their consideration, and then to Council in June. Due to timing we will not be able to present to the Transit Committee as there is only one meeting before June's City Council meeting.